2017 Regular Session

HOUSE BILL NO. 366

BY REPRESENTATIVE IVEY

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

TAX/AD VALOREM TAX: (Constitutional Amendment) Provides with respect to the classification and valuation of property and local option relative to certain exemptions

1	A JOINT RESOLUTION
2	Proposing to amend Article VII, Sections 18(B) and 21(F) of the Constitution of Louisiana
3	and to add Article VII, Section 20(A)(11) of the Constitution of Louisiana, to
4	provide relative to ad valorem taxation; to require the establishment of classifications
5	of and fair market value percentages for property subject to tax be provided by law;
6	to require certain millage adjustments associated with implementation of any
7	changes to the classifications or fair market value percentages for property; to
8	authorize a parish governing authority to change the amount of the homestead
9	exemption with voter approval; to require certain millage adjustments associated
10	with implementation of a change in the homestead exemption; to provide with
11	respect to the exemption from ad valorem taxation for certain manufacturing
12	establishments; to authorize a parish governing authority to enter into exemption
13	contracts; to require a local taxing authority's approval of the contract; to authorize
14	the legislature to provide for terms and conditions by law; to provide for
15	effectiveness; to provide for submission of the proposed amendment to the electors;
16	and to provide for related matters.
17	Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members
18	elected to each house concurring, that there shall be submitted to the electors of the state of

19 Louisiana, for their approval or rejection in the manner provided by law, a proposal to

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	amend Article VII, Sections 18(B) and 21(F), and to add Article VII, Section 20(A)(11) of		
2	the Constitution of Louisiana, to read as follows:		
3	§18. Ad Valorem Taxes		
4	Section 18.		
5	* * *		
6	(B) Classification. $(1)$ The classifications of property subject to ad valorem		
7	taxation and the percentage of fair market value applicable to each classification for		
8	the purpose of determining assessed valuation are as follows:		
9	Classifications Percentages		
10	1. Land 10%		
11	2. Improvements for residential purposes 10%		
12	3. Electric cooperative properties, excluding land 15%		
13	4. Public service properties; excluding land 25%		
14	5. Other property 15%		
15	shall be established by law enacted by a specific legislative instrument which		
16	receives a favorable vote of two-thirds of the elected members of each house of the		
17	legislature. The legislature may enact laws defining electric cooperative properties		
18	and public service properties.		
19	(2) The total amount of ad valorem taxes collected by any taxing authority		
20	in the first tax year which begins after an enactment by the legislature that changes		
21	the classifications of or fair market values for property assessments shall not be		
22	increased or decreased, as a result of the enactment, above or below the amount of		
23	ad valorem taxes collected in the year preceding the enactment. To accomplish this		
24	result, it shall be mandatory for each affected taxing authority to adjust millages		
25	upwards or downwards without regard to millage limitations otherwise contained in		
26	this constitution. The maximum authorized millages shall be increased or decreased		
27	in proportion to the amount of adjustment upward or downward. Thereafter, such		
28	millages shall remain in effect unless changed as permitted by this constitution. In		

1	no way shall the provisions of this Subparagraph be interpreted to affect the
2	imposition and collection of revenue from a new millage or the renewal of a millage.
3	* * *
4	§20. Homestead Exemption
5	Section 20.(A) Homeowners.
6	* * *
7	(11)(a) Notwithstanding any provision of this constitution to the contrary,
8	the exemption provided for in this Paragraph shall be effective and applicable unless
9	and until a parish governing authority adopts a resolution or ordinance adjusting the
10	amount of the exemption, which resolution or ordinance shall be effective only if
11	approved by the electors of the parish. Any change in the amount of the exemption
12	shall become effective on the first day of the calendar year following the year in
13	which the change was approved by the electors, and is deemed to be an instance of
14	implementation of the provisions of this Subparagraph.
15	(b) The total amount of ad valorem taxes collected by any taxing authority
16	in any year in which the provisions of this Subparagraph are implemented shall not
17	be increased or decreased, as a result of such implementation, above or below the
18	amount of ad valorem taxes collected in the year preceding the implementation. To
19	accomplish this result, it shall be mandatory for each affected taxing authority to
20	adjust millages upwards or downwards without regard to millage limitations
21	otherwise contained in this constitution. The maximum authorized millages shall be
22	increased or decreased in proportion to the amount of adjustment upward or
23	downward. Thereafter, such millages shall remain in effect unless changed as
24	permitted by this constitution. In no way shall the provisions of this Subparagraph
24 25	permitted by this constitution. In no way shall the provisions of this Subparagraph be interpreted to affect the imposition and collection of revenue from a new millage

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1	§21. Other Property Exemptions
2	Section 21. In addition to the homestead exemption provided for in Section
3	20 of this Article, the following property and no other shall be exempt from ad
4	valorem taxation:
5	* * *
6	(F)(1) Notwithstanding any contrary provision of this Section, the State
7	Board of Commerce and Industry or its successor, with the approval of the governor,
8	a parish governing authority may enter into contracts a contract for the exemption
9	from ad valorem taxes of a new manufacturing establishment or an addition to an
10	existing manufacturing establishment, on such terms and conditions as the board,
11	with the approval of the governor, deems in the best interest of the state. parish
12	governing authority deems in the best interest of the parish. However, each
13	individual taxing authority in a parish entering into an exemption contract shall
14	specifically authorize the exemption from the millage levied by the taxing authority
15	that is subject to exemption under the terms of the contract prior to the contract
16	becoming effective. Any millage exemption in an exemption contract that is not
17	authorized by the taxing authority levying the millage prior to entering into the
18	contract shall be null, void, and of no effect. The legislature may provide for specific
19	terms and conditions by law.
20	(2) The exemption shall be for an initial term of no more than five calendar
21	years, and may be renewed for an additional five years. All property exempted shall
22	be listed on the assessment rolls and submitted to the Louisiana Tax Commission or
23	its successor, but no taxes shall be collected thereon during the period of exemption.
24	(3) The terms "manufacturing establishment" and "addition" as used herein
25	mean a new plant or establishment or an addition or additions to any existing plant
26	or establishment which engages in the business of working raw materials into wares

suitable for use or which gives new shapes, qualities or combinations to matter whichalready has gone through some artificial process.

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1	Section 2. Be it further resolved that the provisions of the amendments contained in		
2	this Joint Resolution shall become effective January 1, 2018.		
3	Section 3. Be it further resolved that these proposed amendments shall be submitted		
4	to the electors of the state of Louisiana at the statewide election to be held on October 14,		
5	2017.		
6	Section 4. Be it further resolved that on the official ballot to be used at the election,		
7	there shall be printed a proposition, upon which the electors of the state shall be permitted		
8	to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as		
9	follows:		
10	Do you support an amendment to provide for the following with regard to		
11	property taxes, to require the establishment of property classifications and		
12	fair market value percentages by law, to authorize a parish governing		
13	authority to adjust the amount of the homestead exemption subject to voter		
14	approval, and to change the authority for the granting of ad valorem tax		
15	exemptions for manufacturing establishments from the state to taxing		
16	authorities in the parish in which the property is located? (Effective January		
17	1, 2018) (Amends Article VII, Sections 18(B) and 21(F); Adds Article VII,		
18	Section 20(A)(11))		

## DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 366 Original	2017 Regular Session	Ivey
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Abstract: Relative to ad valorem property tax, changes authority for the establishment of property classifications and fair market value percentages <u>from</u> the constitution <u>to</u> as established by law, authorizes adjustment of the amount of the homestead exemption by a parish governing authority with voter approval, and changes the authority to enter into contracts for property tax exemptions for manufacturing establishments <u>from</u> the state <u>to</u> local taxing authorities.

Present constitution authorizes the levy of ad valorem taxes on property within La.

<u>Present constitution</u> provides for the classifications of property and percentages of fair market value to be used in the assessment of property for purposes of ad valorem property taxes.

<u>Proposed constitutional amendment</u> changes <u>present constitution</u> by removing the determination of classifications of property and percentages of fair market value to be used in the assessment of property <u>from</u> the constitution <u>to</u> a requirement that it be established by law. One time millage adjustments are required in instances where classifications of property and percentages of fair market value are changed so as to ensure the same amount of revenue for taxing authorities.

<u>Present constitution</u> establishes an exemption from state, parish, and special ad valorem property taxes for the bona fide homestead of the property owner, for the first \$7,500 of assessed valuation.

<u>Proposed constitutional amendment</u> retains <u>present constitution</u> and adds authorization for a parish governing authority to adjust the amount of the homestead exemption by the adoption of a resolution or ordinance, to be effective only if approved by the electors the parish. One time millage adjustments are required in instances where the homestead exemption is adjusted so as to ensure the same amount of revenue for taxing authorities.

<u>Present constitution</u> authorizes the State Board of Commerce and Industry to enter into exemption contracts with manufacturing establishments (ITEP contracts), on the terms and conditions of the board. Further requires approval of the contracts by the governor.

<u>Proposed constitutional amendment</u> changes authority to grant these exemptions <u>from</u> the State Board of Commerce and Industry to parish governing authorities to enter into ITEP contracts. Further requires a taxing authority to approve the exemption of its particular millage prior to execution of the exemption contract.

<u>Proposed constitutional amendment</u> authorizes the legislature to provide by law for specific terms and conditions relative to the exemption provided for in <u>present constitution</u>.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Oct. 14, 2017.

(Amends Const. Art. VII, §§18(B) and 21(F); Adds Const. Art. VII, §20(A)(11))